Event Name: YS Biopharma Co., Ltd. FY 2023
Event Date: July 26, 2023, at 08:00 PM

Officers and Speakers
Yi Zhang; Founder and Chairman
Dr. David Shao; President and CEO
Alyssa Li; Director, Investor Relations
Dr. Zenaida Mojares; Chief Medical Officer
Brenda Wu; Chief Financial Officer

Analysts
Gregory Aurand; Noble Capital Markets
Hunter Diamond; Diamond Equity Research
Sid Rajeev; Fundamental Research Corp
Howard Halpern; Taglich Brothers

Presentation

Operator: Ladies and gentlemen, thank you for standing by and welcome to YS Biopharma's fiscal year 2023 earnings call.

[Operator Instructions]

Please note that this event is being recorded.

Now, I'd like to hand the conference over to your speaker host today, Ms. Alyssa Li, the company's investor relations director. Please go ahead, ma'am.

Alyssa Li: Thank you very much. To begin today, I would like to hand the call over to our Founder and Chairman, Mr. Yi Zhang, who will give some brief remarks in Chinese. I will then translate his remarks into English. [Foreign Language].

Yi Zhang: [Foreign Language].

Alyssa Li: Hello, everyone, and thank you for joining us today. Welcome to YS Biopharma's fiscal year 2023 earnings conference call. During today's call, our management team will provide our business and financial results. We will be happy to answer your questions at the end of the call.

That concludes my translation of Mr. Zhang's remarks.

Today, you will hear from our President and CEO, Dr. David Shao, who will provide an overview of our business development during the past year and share some of our plans for the future. Our CMO, Dr. Zenaida Mojares, will then share more details on our product pipeline. Our CFO, Ms. Brenda Wu, will then provide a closer look into our financials. After the management team has given their prepared remarks, we will open up the call for questions.

You can refer to our fiscal year 2023 financial results on our IR website at investor.ysbiopharm.com. You can also access a replay of this call on our IR website when it becomes available a few hours after its conclusion.

Before we continue, I would like to refer you to our safe harbor statement in our earnings press release, which also applies to this call, as we will be making forward-looking statements. Please also note that all numbers stated in the following prepared remarks by management are in RMB terms.

With that, I'm now pleased to turn the call over to Dr. David Shao, our President and CEO.

Dr. David Shao: Hello, everyone, and thank you for joining us today. Welcome to YS Biopharma's fiscal year 2023 earnings conference call, our inaugural earnings call and our first as a NASDAQ-listed company. Before we get into the details of our performance in the past year, I'd like to briefly introduce our business and give an overview of our accomplishments to date and our mission as a company.

We founded YS Biopharma with the mission to develop transformative vaccines and therapeutic biologics. We have dedicated ourselves to innovating technologies that can improve health outcomes around the world. Our flagship product is our YSJA rabies vaccine, China's first aluminum-free lyophilized rabies vaccine. The YSJA rabies vaccine is the first-generation product in our rabies vaccine franchise. To date, about 98 million doses have been administered, and we have been one of the top rabies vaccine producers and suppliers in China for a number of years. This product provides important organic cash flow to support our business operations and business growth going forward.

Leveraging our experience and our research and development capabilities, we are currently advancing several product candidates powered by our PIKA immunomodulating technology platform through clinical trials. This includes our second generation of rabies vaccine, which we call the PIKA rabies vaccine. Clinical results for these products have been promising, and our PIKA portfolio represents a significant step forward in the fight against a number of infectious diseases and medical conditions.

In fiscal year 2023, we recorded significant year-over-year revenue growth, maintained a stable gross margin, and further strengthened our balance sheet. This success came as our YSJA rabies vaccine steadily gained market share during fiscal year 2023, while demand for rabies vaccines in China persisted. We are one of the leading rabies vaccine producers and suppliers in China, and we expect that the market demand for rabies vaccines will remain robust going forward.

Meanwhile, we continued to make progress toward the commercialization of our product portfolio, which consists of eight innovative product candidates. Four of these product candidates are under various clinical development stages, including our PIKA rabies vaccine, which was recently approved for Phase III clinical trials by regulatory authorities in Singapore, the Philippines, and Pakistan. We have been granted about 70 patents across more than 30 countries and regions relating to our PIKA immunomodulating technology and prophylactic and

therapeutic product innovations. These product candidates target diseases including COVID-19, Hepatitis B, influenza, and cancer. Dr. Zenaida Mojares, our CMO, will provide more details on the clinical progress later on in the call.

Now, let's get into the details of our results for fiscal year 2023. Continued demand for our YSJA rabies vaccine helped us grow our total revenues by 36.6% year over year to RMB 687.2 million. Our gross profit grew by 38.3% year over year to RMB 533.8 million, representing a gross margin of 77.7%. This represents a slight improvement in our gross margin from 76.7% for the prior fiscal year.

For the fiscal year 2023, we recorded a net loss of RMB 145.5 million, mainly driven by increases in sales and marketing expenses and research and development expenses, particularly clinical costs related to our PIKA COVID-19 vaccine program.

During the past three years, we have sold almost 20 million doses of the YSJA rabies vaccine to approximately 1,687 county-level CDCs in China, which represent over 60% of CDC customers in China. Our success connecting with these CDCs is a significant achievement on the part of our sales and marketing team. Thanks to their efforts, YS has become one of the leading rabies vaccine players in the marketplace.

Revenue growth in the fiscal year was driven by external tailwinds and successful execution of our own initiatives. Demand for rabies vaccines in China remains strong and is expected to continue growing. Based on Frost & Sullivan's market research report, China's human rabies vaccine market production value is forecast to double from RMB 9.4 billion in 2021 to RMB 22.1 billion in 2025, at a CAGR of 23.8%.

The low veterinary vaccination rate coupled with a growing pet and stray dog population in China has resulted in a large number of dogs that are potential carriers of rabies. Meanwhile, the penetration rate of human rabies vaccines remains insufficient. Furthermore, the regulations imposed by the Chinese government over the past few years have set stringent standards on human rabies vaccine production. Together, these factors have led demand for rabies vaccines in the country to outpace supply.

For fiscal year 2023, we were one of the leading human rabies vaccine manufacturers in China. Going forward, we aim to pursue partnerships and licensing opportunities in order to introduce our rabies vaccine franchise to countries throughout Asia, the Middle East, the Americas, and Europe.

As we advance our mission of providing innovative and efficacious vaccines in the fight against rabies, we are proud to be able to share the significant progress we have made in the development of our premium, next-generation PIKA rabies vaccine. The vaccine candidate is powered by our proprietary PIKA adjuvant technology and has the potential to elevate the standard of care in human rabies prevention and treatment paradigms.

The PIKA rabies vaccine is designed to provide broad protection against multiple virus strains and significantly accelerates seroconversion, or the generation of immunity, from 14 days to

seven days. The accelerated onset of the immune response allows the vaccine to be administered over a three-visit, one-week regimen. This product candidate has the potential to become the best-in-class and lift the standard of care of rabies infection globally, because it is superior to the currently available vaccines, which require a five-visit one-month or three-visit three-week regimen. Most importantly, the accelerated seroconversion will help patients achieve immunity more quickly, reducing fatality rates and improving survivability for those who contract rabies. Given the significant potential advantages of the PIKA rabies vaccine over conventional rabies vaccines, we intend to formulate a premium pricing strategy to differentiate it from competing products.

Human rabies occurs in more than 150 countries worldwide, and it is a significant public health concern in developing countries. An estimated 59,000 people die of rabies annually, approximately 30% of whom are children. 95% of cases occur in Asia and Africa, and with no cure, the disease carries a 100% fatality rate when left untreated.

As part of our strategy to unlock the commercial potential of our rabies vaccine franchise and our new generation of PIKA Hepatitis B vaccine in underserved markets in Southeast Asia, we recently set up a new subsidiary in the Philippines to focus on clinical and regulatory efforts and product commercialization. We have also entered into a global health agreement with a healthcare-focused investment firm to expand the commercialization of the vaccine in less developed countries.

With our PIKA rabies vaccine entering Phase III clinical development, we are also exploring potential partnerships to jointly commercialize the product in a number of nations. Upon successful completion of Phase III trials, we plan to submit New Drug Applications or Biologics License Applications for the PIKA rabies vaccine to regulatory authorities in countries throughout Asia, Africa, the Middle East, Europe, and the Americas.

In addition to our PIKA rabies vaccine, we are also leveraging our PIKA immunomodulating technology platform to develop a pipeline of other innovative product candidates.
The increase in our research and development expenses for fiscal year 2023 was mainly driven by our allocation of more resources to accelerate clinical trials of our PIKA COVID-19 vaccine. Given that COVID-19 has transitioned from a pandemic to an endemic disease over the past year, we are assessing the commercialization potential of the vaccine and will consider how to allocate our resources regarding research and development accordingly. As such, we expect that our research and development efforts for fiscal year 2024 will be focused on Phase III clinical studies of the PIKA rabies vaccine.

In summary, YS Biopharma currently finds itself on the turning point of a new era of innovation and success. Over the past several years, we have established ourselves as a major player in China's human rabies vaccine market. We have also successfully demonstrated our ability to effectively develop and commercialize our products. Our YSJA rabies vaccine continues to offer competitive advantages and take market share, while our PIKA rabies vaccine has performed well in clinical trials and represents a significant advance in the global fight against rabies. We are incredibly proud of our team's unwavering commitment to our mission, and we are eager to witness the impact of our products on global health in the years to come. With expertise,

dedication and a solid foundation to work from, we are well positioned to generate sustainable growth and create positive health outcomes for patients around the world.

I will now turn the call over to our CMO, Dr. Zenaida Mojares, to discuss our product candidates in more detail. Zenaida, please go ahead.

Dr. Zenaida Mojares: Thank you, David. Our clinical and regulatory teams are working on advancing our innovative pipeline that includes four product candidates under various clinical development stages. These are the PIKA rabies vaccine, our PIKA recombinant COVID-19 vaccine, PIKA YS-ON-001 cancer treatment drug, and PIKA YS-HBV-001 Hepatitis B vaccine. We also currently have four preclinical stage product candidates targeting the Hepatitis B virus, influenza, rabies, cancer, and other indications. We constantly review the progress of each product candidate and prioritize our research and development efforts based on this evaluation, our financial condition, global healthcare needs, and market dynamics.

The core technology behind the pipeline is our proprietary PIKA immunomodulating technology platform. PIKA stimulates both humoral and cell-mediated immunity by targeting toll-like receptor 3, retinoic acid inducible gene-I, and melanoma differentiation-associated protein 5. These three targets are called TLR3, RIG-I, and MDA5, for short.

We have already completed Phase I and Phase II clinical trials of our PIKA rabies vaccine in Singapore. Another Phase I trial was conducted in China to confirm the optimum dose and regimen to be used, and we intend to liaise with China's National Medical Products Administration to launch more advanced trials in the country during 2023. Importantly, we have already received approval to conduct Phase III clinical trials of the vaccine from regulatory authorities in the Philippines, Singapore, and Pakistan. These trials will commence in the second half of 2023.

The PIKA rabies vaccine Phase III trial is a randomized, comparator-controlled, double-blind, multicenter study. Its intent is to evaluate lot-to-lot consistency of three lots of a PIKA rabies vaccine, along with the vaccine's immunogenicity and safety in healthy adults using a post-exposure prophylaxis schedule. Key secondary endpoints include non-inferiority and superiority of the PIKA rabies vaccine compared to the rabies vaccine comparator.

A total of 4,500 subjects will be enrolled in the study, randomized into 2:1 with 3,000 subjects allocated to PIKA rabies vaccine and 1,500 allocated to receive the comparator rabies vaccine. There will be two study groups: 20% will compose Group 1 and around 80% will be under Group 2.

We are planning to start the enrollment of 4,500 subjects in the above countries in the fourth quarter of 2023, and target to obtain the interim results in early 2024. Using the results of interim analysis, we will then initiate the NDA or BLA applications in various countries accordingly.

In addition to our PIKA rabies vaccine, we are also leveraging our PIKA immunomodulating technology platform to develop a pipeline of other innovative product candidates.

Our PIKA recombinant COVID-19 vaccine completed Phase I trials in the UAE in the first half of 2022, with preliminary results showing that the vaccine can induce the production of high-level neutralizing antibodies. We also obtained IND clearance for the vaccine from the FDA in the United States. As of today, we have completed Phase II/III studies of the vaccine in the Philippines and the UAE. The results of the Phase III clinical trials are expected to be available before the end of 2023.

In March 2023, we reported positive interim Phase II safety and immunogenicity data for the PIKA recombinant COVID-19 vaccine. The interim data was from the Phase II part of the Phase II/III head-to-head clinical study to evaluate the PIKA recombinant COVID-19 vaccine versus an inactivated COVID-19 vaccine. The interim data analysis of the Phase II study demonstrated that the trial met both primary and secondary endpoints. These were measured by geometric mean titers (GMTs) of neutralizing antibody against the Omicron variant of COVID-19, and by seroconversion rates on Day 7 and Day 14 post a booster dose administration. It is important to note that based on the clinical data we have obtained so far, the PIKA COVID-19 vaccine has presented no significant safety issues.

We are currently evaluating the evolution of the COVID-19 pandemic and monitoring global health trends, and we will make appropriate decisions regarding the commercialization strategies for our PIKA recombinant COVID-19 vaccine.

Our next product candidate at the clinical development stage is PIKA YS-ON-001, a Phase I stage pipeline product targeting multiple indications of solid tumors. The product can reduce the immunosuppressive effect of the tumor microenvironment and enhance the immune system's ability to target a tumor's cells. It has been granted two ODDs for the treatment of pancreatic cancer and hepatocellular cancer by the U.S. FDA. We commenced the cancer patient enrollment for the Phase I clinical study in China in December 2021, focusing on the safety study on late-stage breast cancer, lung cancer, liver cancer and melanoma subjects. We expect to complete the Phase I clinical study in China within a year.

Finally, we are also working on a new generation of Hepatitis B vaccine. This product candidate is targeting chronic Hepatitis B infection therapy, instead of conventional prophylactic HBV vaccine. We are expecting this new and exciting product candidate to enter Phase I clinical trial next year.

I will now turn the call over to our CFO, Ms. Brenda Wu, to discuss our financial results in more detail. Brenda, please go ahead.

Brenda Wu: Thank you, Zenaida. I will now provide a closer look into our financials. Please note that all numbers are in RMB terms, that the reporting period is fiscal year 2023 versus the comparable period in fiscal year 2022, and all comparisons are on a year-over-year basis, unless otherwise stated.

For fiscal year 2023, we grew our revenues by 36.6% to RMB 687.2 million from RMB 502.9 million. The increase was mainly due to growth in sales volume of our YSJA rabies vaccine, and an approximate RMB 2 per dose price increase for the vaccine.

Gross profit was RMB 533.8 million, compared to RMB 385.9 million in the prior year, while gross margin improved by one percentage point to 77.7%.

Now, turning to our operating expenses.

Selling expenses were RMB 272.9 million, compared to RMB 186 million in the same period of 2022. The change was primarily driven by growth in promotional and marketing services expenditure as we expanded commercial sales operations by increasing our access to district and county CDCs and hospitals.

General and administrative expenses decreased to RMB 81.6 million, compared to RMB 107.6 million in the same period of 2022. This was mainly due to a reduction in our expenditure on professional service fees.

Research and development expenses were RMB 318.7 million, compared to RMB 211.2 million in the same period of 2022. The change was primarily driven by continued advancement of our preclinical and clinical pipeline programs for our COVID-19 and rabies vaccines. In the upcoming year, our primary focus will be on advancing the development of our PIKA rabies vaccines.

Net loss was RMB 145.5 million, compared with RMB 106 million in the same period of 2022.

Turning to our balance sheet. We ended the fiscal year with RMB 370.4 million in cash and cash equivalents, compared with RMB 271.1 million as of March 31, 2022.

Finally, I'd like to provide some commentary on our financial outlook. Toward the end of fiscal year 2023, COVID-related disruptions impacted the manufacturing operation and production output at our YSJA rabies vaccine production facilities. Because of the months-long vaccine production and approval process, we expect the inventory impact of these disruptions to weigh on sales in fiscal year 2024. Based on our current and preliminary estimates, our inventory available for sale will be insufficient to meet market demand during the first quarter of fiscal year 2024. This situation may extend into the near term. Therefore, we currently anticipate that our full year revenues for fiscal year 2024 could be lower than fiscal year 2023's revenues, as we continue to rebuild our inventory levels. We plan to diligently manage our operating expenses during the remainder of the fiscal year, and we remain confident in the long-term outlook of our business. Please note that this guidance reflects our current and preliminary views on the market and operational conditions, which are subject to change.

Looking ahead, we will continue with our commercialization efforts so as to capture the significant unmet demand for rabies vaccines in China and Southeast Asia. At the same time, we will strategically advance development of our robust pipeline of product candidates while prudently optimizing our cost structure. We are confident that we are well-positioned to generate long-term business growth and shareholder value.

That concludes our prepared remarks for today. Operator, we are now ready to take questions.

Questions & Answers

Operator: [Operator Instructions]

And our first question will come from Greg Aurand of Noble Capital Markets.

Gregory Aurand: Congratulations on your first public company earnings call. It's quite a milestone. Can you hear me okay?

Dr. David Shao: Yes, Greg.

Gregory Aurand: Hello?

Dr. David Shao: Yes, we hear you very well.

Gregory Aurand: Oh, okay. I wasn't sure. Thank you. Thank you so much. Appreciate it. Thanks for taking the question. The question I have is: In terms of the comments on your financial outlook regarding production and not being able to meet demand, how should we look at selling expenses for fiscal year 2024 since they're growing a little bit faster than current revenue growth, and as you make further inroads into CDCs in the regional areas of China?

Dr. David Shao: Thank you, Greg. Thank you for your question. Indeed, we have been managing our sales and marketing expense very diligently. Actually, we review our sales and marketing efforts on a weekly basis and a monthly basis, so we have managed our expense on this part very, very carefully.

On the other hand, we also realize that even we could have short-term inventory challenges. However, we look at the business in the really long term. We think we can overcome the inventory low level situation and we think we can continue to focus on our growth strategy here. We didn't mention that actually, over the last year or so, we have built up 25 satellite warehouses outside of our centralized warehouse in our manufacturing facilities. So basically, we tried to set up satellite warehouses in 25 locations to help the delivery of the product to our end users. So we really look at the expense from a totality point of view. Definitely, we are managing our sales and marketing expense very, very diligently. I hope I answered your question.

Gregory Aurand: Yes, thank you. That was appreciated, and I appreciate the insight. I have a follow-up question, if you don't mind. In terms of the Phase I study for PIKA-YS-ON-001, the study is to be concluded by end of year. When do you expect data to be available, and then when do you expect to go to Phase II/III after that? Do you have a timeline in mind there that you can sort of, like, give me a broad range on?

Dr. David Shao: Zenaida, can you comment on that? I can make some word after you.

Dr. Zenaida Mojares: Right, yes. Thank you, thank you. Yes, the YS-ON-001 trial is ongoing, and currently we are finalizing the study because enrollment has been completed. It might take

around three to four months to come out with the final clinical study report, and then right after that, if the results are okay, then we will proceed immediately to the Phase II and III -- Phase II study, and then go into Phase III. So this might happen within next year, approximately.

Dr. David Shao: Greg, just to give you additional color about this oncology project. In our 20-F filing we did today, we included the quite amount of our previous research results around the YS-ON-001. From our filing today, you can see a lot of information about different kinds of studies, like in combination with PD-1, with PD-L1, with chemo, with targeted therapy regimen. You can see that this particular product does demonstrate a very broad advantage in the oncology field. That's why we had a high hope on this project as well. Like what Zenaida said, currently, the Phase I is a study just to evaluate the safety profile of the product for advanced-stage cancer patients. Hopefully, adding this to our more advanced clinical study, we would be able to see more efficacy. We can get more color about the potential of this product.

Operator: The next question comes from Hunter Diamond of Diamond Equity Research.

Hunter Diamond: Firstly, congratulations on the results. My question relates to whatever you can discuss related to the details of your pricing approach for your pipeline candidates, particularly the PIKA rabies vaccines and the PIKA recombinant COVID-19 vaccine. And then, any additional clarity you can provide on the development timeline for those candidates?

Dr. David Shao: Yes, thank you, Hunter. That's an excellent question regarding our PIKA rabies vaccine. As we just briefly discussed, the PIKA rabies vaccine, from Phase II and another trial demonstrated that it can accelerate the immune response from, like, three or four weeks into one week. And we are able to achieve a much higher seroconversion rate. And the overall profile of this product positions it very well; it could become best-in-class.

Given this kind of advantage in a clinical setting, we plan to price this product at a premium price strategy. We are targeting like four or five times higher than our existing rabies vaccine. Even at four or five times higher than the existing one, the overall cost of the rabies vaccine will still be very affordable among those patients. But on the other hand, even with the same market share or same percentage of penetration rate, definitely our revenue from this new generation of PIKA rabies vaccine will provide significant growth on our top line and bottom line. So we plan to price this product at least four or five times higher than our existing YSJA rabies vaccine.

Hunter Diamond: Yes, that makes perfect sense. And I guess a follow-up question, in terms of collaborations and partnerships, just what are your thoughts, I guess, high level, on other partnerships for regulatory approval or distribution?

Dr. David Shao: Indeed, as you know, we are entering Phase III clinical study, like what Zenaida said, in September, so next year is going to be a very important year for product registration and forming strategic partnerships around this product. We're looking at the partners who have experience in the vaccine field, who have a strong and broad distribution channel, and experience in the vaccine field. Our main focus could be China and Southeast Asian countries, but definitely we will look at the partnerships who can bring the expertise and much of the

expansion opportunities in other market territories. That's what we're looking at, these types of collaboration opportunities.

Dr. Zenaida Mojares: Can I add something to that, if I may?

Hunter Diamond: Absolutely. That makes perfect sense. Thank you for taking my questions. It was a fairly comprehensive call, so that's it for me. I'll open the line. But congratulations on the strong results.

Dr. David Shao: Thank you, Hunter. Zenaida, you can make your comments, sorry.

Dr. Zenaida Mojares: Yes, thank you for that. Yes, because the question was on regulatory approval. Now, as I've mentioned in my remarks, we intend to start the study this September, and the interim results will be coming out sometime in December 2023 or January 2024. And we've been starting to discuss initially with regulators in the Philippines and Pakistan, where the vaccine is most needed, for provisional approval. Now, if we are successful on that, we'll expand to other Southeast Asian countries, and also to Africa and Latin America.

Dr. David Shao: Thank you, Zenaida. We can go to the next question.

Operator: The next question comes from Sid Rajeev of Fundamental Research Corp.

Sid Rajeev: Congratulations on the strong revenue growth. Just a follow-up on the previous question: So Phase III initial results coming out early next year. My question is really on, in an ideal scenario, if the products or vaccines get approved in Singapore and the Philippines, when can it potentially launch? Are you looking at later next year or 2025?

Dr. Zenaida Mojares: Actually, in -- all right. The study will run -- the Phase III will run for around 12 months, so if we have the interim results sometime in January, the launch, because the study could be finished within next year, launching can be within 2024, not 2025. So the company is really looking forward to this vaccine, and everybody is hands on, and we have many people looking into safety so that there will be no issues.

Sid Rajeev: Got it. How much capital have you allocated for all the studies in the next 12 months? The question is more related to, is the USD 50 million cash you have now sufficient? It looks like you might have to raise money.

Dr. David Shao: I can provide some color about the cost of this clinical trial.

Dr. Zenaida Mojares: Yes.

Dr. David Shao: But Zenaida, you can make your comment first.

Dr. Zenaida Mojares: No, no, no. When it's about money, go ahead, David.

Dr. David Shao: Okay. Sid, thank you; that's an excellent question. We -- actually, we do have the budget for this particular Phase III clinical trial of the PIKA rabies vaccine. Our estimate for the Phase III trial from the beginning to the end is somewhere between USD 15 million to USD 20 million. So I think we should -- we have the financial strength and the capability to finish this trial with our existing financial resources.

Sid Rajeev: Sounds good. And just a quick question on the revenue line. I'm not sure if you disclosed unit sales, but I was wondering what percent of the revenue growth came from unit sales versus price increases?

Dr. David Shao: Brenda, can you comment on that?

Brenda Wu: Well, most likely, our increase was due to the unit sales, you know, the number of sales we sold out. The price is just a little bit, I think -- well, we didn't count the percentage, but I think the percentage related to the price will be low for this fiscal year 2023.

Sid Rajeev: Got it. Just for one final question on that: So that vaccine, you're on 60% of CDCs in China. How should we look at the upside potential in unit sales of the vaccine in China? Is it fair to say that you have hit 60% of the product's -- of the vaccine's potential?

Dr. David Shao: Actually, Sid, even right now, we have sales coverage for 60% of China's CDC customers. We are just one of the players in the entire -- you know, in the entire market. If you're asking for the market share percentage-wise, we don't have a specific number, but based on our information from the -- from our sales and marketing teams' feedback, we are still like 10% of the market share. You know, this -- don't quote me on this, because it's very difficult in China to get a third-party certified or verified market share number, but based on our first-line sales and marketing effort, our estimate is somewhere around 10% of the entire market at this moment from our sales and marketing effort. So it's -- we still believe we have significant upside or significant growth potential for our product, and you can see that over the last three years, our sales volume continued growing. Like Brenda said, the selling price is gradually increasing over the years, so that's a good thing to have. However, that's not the significant driver for our top line growth.

Sid Rajeev: Thank you, David and Brenda. Looking forward to updates on your drug candidates.

Dr. David Shao: Thank you, Sid.

Operator: The next question comes from Howard Halpern of Taglich Brothers.

Howard Halpern: I just have one question regarding the Phase III and the approvals that are likely to occur, and the launches that are likely to occur in Singapore and other places. How is the manufacturing going to -- how is that going to fit into those approvals? Will you have to -- will you have the capability in China to manufacture to meet the demand, or will you partner in the different Southeast Asian countries?

Dr. David Shao: Yes, Howard, thank you for this question. It's very important for us to provide sufficient production capacity for the new product launch in different territories. Currently, our manufacturing facility in China has been manufacturing rabies vaccines for a number of years. Given that the PIKA rabies vaccine is our new generation of rabies vaccine, we only need probably a quarter or one third of antigen quantity per dose compared to our existing YSJA rabies vaccine. So we think our current production plant in China can provide sufficient supply for our initial commercialization of the PIKA rabies vaccine in China and outside China.

On the other hand, we have operations in Singapore. We have been planning to have manufacturing facility expansion in Singapore as well. So at the right stage, we will consider constructing a manufacturing facility in Singapore because Singapore probably is also one of the largest bioengineering centers in terms of vaccine and biologics production. So definitely we are considering, if the market demand for our product is exceeding our current production capacity, we do have a plan to expand our manufacturing function outside China.

Operator: This concludes our question-and-answer session. I would like to turn the conference back over to management for any closing remarks.

Dr. David Shao: Okay.

Alyssa Li: Thank you again for joining our call today. If you have any further questions, please feel free to contact us or submit a request through our IR website. We look forward to speaking with everyone during our next call. Have a good day.

Operator: Thank you. That concludes the call for today. Thank you, everyone, for attending, and you may now disconnect.